

Message Text

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PAGE 01 MONTRE 00953 132007Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
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R 131946Z JUN 77
FM AMCONSUL MONTREAL
TO SECSTATE WASHDC 9073
INFO AMEMBASSY OTTAWA
AMCONSUL QUEBEC

UNCLAS MONTREAL 953

E. O. 11652: N/A
TAGS: PINT, ECON, CA
SUBJ: CLARK WANTS IMMEDIATE END WAGE AND PRICE CONTROLS

1. SPEAKING ON SUNDAY TO SOME 400 PARTY MEMBERS AT DOLS 125
A PLATE DINNER IN MONTREAL, PC LEADER JOE CLARK SAID HIS
PARTY WANTS WAGE AND PRICE CONTROLS REMOVED BY END OF THIS
MONTH. DECLARING THAT CONTROLS HAVE PUT INVESTMENT FLAT ON
ITS BACK, CLARK SAID HE ESTIMATED THAT DECLINE IN INVESTMENT
HAD COST CANADA DOLS 10 BILLION WORTH OF LOST GROWTH IN LAST
THREE YEARS AND ONE MILLION EMPLOYED.

2. FOR TRANSITION PERIOD FOLLOWING LIFTING OF CONTROLS,
CLARK PROPOSED A FOUR-TIERED PLAN:
- STEPS MUST BE TAKEN SO THAT ALL JUDGEMENTS BY FEDERAL
ANTI-INFLATION BOARD REDUCING WAGE AND PRICE INCREASES
BE RESPECTED;
- WAGE AND PRICE INCREASES MUST BE REGULATED BY DEPART-
MENT OF CONSUMER & CORPORATE AFFAIRS, WITH NO NEW AGENCY
BEING CREATED;
- DURING 6-12 MONTH PERIOD, MAJOR COMPANIES SHOULD ADVISE
GOVERNMENT AT LEAST 30 DAYS BEFORE ANY PRICE INCREASES.

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DURING SAME PERIOD INCREASED SALARIES NEGOTIATED BY
MAJOR COMPANIES AND UNIONS SHOULD NOT BECOME EFFECTIVE
UNTIL 30 DAYS AFTER AGREEMENT BETWEEN THE TWO PARTIES;
- CABINET WOULD HAVE POWER TO ROLL BACK ANY INCREASES IN
PRICES OR WAGES WHICH ARE JUDGED EXCESSIVE.

3. COMMENT: AS MR. CLARK HAS BEEN CRITICIZED IN THE PAST FOR

FAILURE TO PROPOSE ANY POLICIES, HIS PROGRAM FOR ANTI-INFLATION
TRANSITION PERIOD MAY BE NEWSWORTHY FOR THAT REASON ALONE.
IN CONTENT, HOWEVER, IT APPEARS TO OFFER LITTLE THAT IS NEW,
WITH EXCEPTION THAT POWERS RECOMMENDED FOR GOVERNMENT GIVE IM-
PRESSION OF EXTENDING BEYOND MEASURES SUCH AS MORAL SUASION
AND JAW BONING THAT WOULD APPEAR MORE CONSONANT WITH PC ECONOMIC
POLICY.

4. NOTING THAT OBSERVERS WERE WATCHING ANXIOUSLY FOR AUDIENCE
RESPONSE TO CLARK, MONTREAL STAR REPORTED THAT CLARK RECEIVED
ABOUT 30 SECONDS APPLAUSE FOLLOWING SPEECH, WITH ONLY ABOUT
HALF OF AUDIENCE STANDING. SOME OF WARMEST APPLAUSE, STAR
REPORTED, WAS GIVEN FIVE-PIECE ORCHESTRA AS IT WANDERED THROUGH
CROWD.
HARPER

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